

Message Text

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R 171600Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY WARSAW

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E.O. 11652:N/A

TAGS: EGEN

SUBJECT: POLIMEX-CEKOP NEOPRENE PROJECT AT OSWIECIM

1. EXIMBANK WAS VISITED RECENTLY BY REPRESENTATIVES OF PROCON, INC. OF DES PLAINES, ILLINOIS, FOR DISCUSSIONS CONCERNING POSSIBLE EXIMBANK INVOLVEMENT IN THE FINANCING OF A 160,000 MTPA NEOPRENE PLANT TO BE CONSTRUCTED AT OSWIECIM. THE PROJECT WOULD REPORTEDLY INVOLVE DUPONT CORPORATION NEOPRENE TECHNOLOGY, THE DIAMOND-SHAMROCK
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CORPORATION CHLOR-ALKALI PROCESS, AND PROCON CONSTRUCTION MANAGEMENT, WITH PROCON ASSUMING A PRIME CONTRACTOR'S ROLE. THE TOTAL ESTIMATED PROJECT COST IS 243 MILLION DOLLARS, OF WHICH 230 MILLION DOLLARS WOULD BE IMPORTED. PROCON REPORTEDLY HAS BEEN NEGOTIATING WITH POLIMEX-CEKOP SINCE EARLY 1975, AND IS ATTEMPTING TO DETERMINE WHETHER TO SOURCE THE IMPORTED COMPONENTS FROM THE U.S., JAPAN, SPAIN, FRANCE, OR THE U.K., OR IN SOME MIX FROM SOME OR ALL OF THE ABOVE.

2. EXIMBANK DISCUSSED ITS RESERVATIONS ABOUT INCURRING SIZEABLE NEW EXPOSURE IN POLAND IN VIEW OF THE PRECARIOUS NATURE OF THE POLISH ECONOMY. THE BANK INFORMED PROCON IN GENERAL TERMS ABOUT POLISH INTENTIONS TO CURTAIL NEW INVESTMENT, AND CITED MINISTER KISIEL'S STATEMENTS TO

SECRETARY BLUMENTHAL AND EXIMBANK CHAIRMAN MOORE DURING KISIEL'S VISIT IN LATE DECEMBER THAT EXIMBANK FINANCING WOULD BE SOUGHT VERY SPARINGLY FOR THE NEXT TWO YEARS. THE BANK ALSO ASKED PROCON FOR ANY MARKETING PROJECTIONS FOR THE NEOPRENE, CITING VICE MINISTER DLUGOSZ' STATEMENTS TO EXIMBANK VICE PRESIDENT ALBRIGHT EARLIER IN 1977 THAT NO SUBSTANTIAL PROJECTS WOULD BE UNDERTAKEN UNLESS THEY COULD EARN THEIR OWN HARD CURRENCY DEBT SERVICE REQUIREMENTS.

3. IN ORDER TO ASSIST BOTH EXIMBANK AND US EXPORTERS, THE EMBASSY IS REQUESTED TO SOLICIT THE VIEWS OF SENIOR MINISTRY OF FINANCE OFFICIALS ON THIS PROJECT, WITH PARTICULAR EMPHASIS ON ITS PLACE IN CURRENT POLISH INVESTMENT PLANS, THE LIKELIHOOD OF A POLISH REQUEST FOR EXIMBANK FINANCING OF IT, AND ITS DEBT SERVICE CAPACITY. ANY FURTHER INFORMATION WHICH THE EMBASSY LIMITED OFFICIAL USE

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CAN OBTAIN CONCERNING THE PROJECT OR FOREIGN COMPETITION FOR IT WILL ALSO BE APPRECIATED. CHRISTOPHER

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Message Attributes

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